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DEPT FOR EAP AND ISN

E.O. 12958: DECL: 04/08/2033 TAGS: <u>PARM PREL ETTC CH IR</u>

SUBJECT: (S) SHIELD S05-08: PRC INFORMED OF IMMINENT TRANSFER OF CW PRECURSOR CHEMICAL TO IRAN

REF: A. STATE 35977

■B. BEIJING 333 AND PREVIOUS

Classified By: Political Minister Counselor Aubrey Carlson. Reasons 1. 4 (b, c, d and h).

- 11. (S) PolOff informed MFA Arms Control and Disarmament Department Missile Division Deputy Director Wang Daxue on April 8 that China Northern Chemical and Minerals Company is planning to load 1000 metric tons of sodium sulfide flakes on the M/V Iran Teyfouri as early as April 10 for shipment to Iran. Noting that the recipient is an Iranian transportation company and thus not the end-user, PolOff emphasized the unreliability of Iran as a destination for controlled chemicals and expressed our interest in learning whether China vetted these transfers and, if so, on what basis export approval was granted.
- 12. (S) Wang said that if the chemicals mentioned in the U.S. information are controlled under the Australia Group, then the chemicals would also be controlled under Chinese export control laws and would indeed require an export license. China will investigate this matter, he said. Wang asked if the United States knew the Chinese name of the exporting company or the firm's address or telephone number. Information on the export, such as the bill of lading number, would be useful as well, he said. PolOff promised to convey Wang's request to Washington, but stressed that the U.S. information was more than sufficient for a Chinese investigation to proceed.
- 13. (S) Poloff urged China to reconsider the U.S. proposal to accept a visit by U.S. experts to discuss the January voyage of the M/V Iran Teyfouri. Saying that senior MFA officials had already expressed Chinese views on this matter, Wang said he did not understand why it was necessary to dispatch U.S. officials to China when "efficient communication channels" for sharing information already exist. He noted that senior MFA officials were troubled to learn that a U.S. official had recently told China's Ambassador in Washington that China has yet to respond to the U.S. information on the January voyage of the M/V Iran Teyfouri. China "promptly" responded, he said.
- 14. (S) PolOff stressed that Washington and the Embassy are aware that China responded to our information, which is precisely why we want to send a team of experts to Beijing. China should seize the opportunity to deepen our bilateral nonproliferation cooperation. The U.S. experts have important information that will assist future Chinese investigations. Wang promised to convey our proposal to senior Chinese officials.

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